

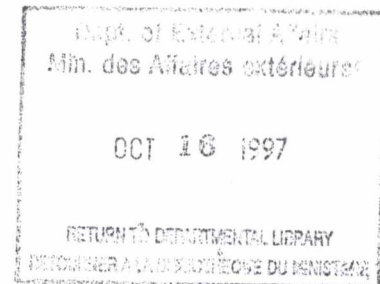
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Japanese Portfolio Investment in Canada 1996 Survey

**Canadian Embassy
Tokyo**



Canada 

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**1996 CANADIAN EMBASSY SURVEY
JAPANESE PORTFOLIO INVESTMENT IN CANADA**

Highlights

- During fiscal year 1995-96, troubled with non-performing loans and uncertainty as to the pace of Japanese economic recovery, Japanese institutional investors remained cautious in their foreign portfolio investments. Consistent with this mood, the overall value of Canadian securities and loans held by Japanese institutional investors declined modestly.
- **Based on an analysis of the 1996 Survey results, the total value (in Canadian dollars) of Canadian securities and loans held by all Japanese investors at the end of March 1996 is estimated to be about \$43.5 billion, down slightly from our estimate in 1995.**
- Comparing the replies of the 100 firms that responded to both our 1995 and 1996 Surveys, the value of Japanese holdings of Canadian securities and loans declined 3.1%, with holdings of all bonds (federal, provincial and corporate) being affected. Partially compensating for these declines was a significant increase (25.9%) in the value of loans to Canadian entities and a return by Japanese investors to investing in Canadian stocks (up by 41.7%), albeit from a small base.
- In terms of currencies, at the end of March 1996, 42.4% of Japanese holdings of Canadian securities and loans were denominated in Canadian dollars, down somewhat from last year's 44.6%, with yen denominated holdings rising modestly from 35.2% to 36.4%. As for bond holdings alone, more than half of Japanese holdings (56.0%) were still denominated in Canadian dollars, but the yen-denominated component rose from 24.1% to 26.9%.
- Japanese life insurance companies appear to have stabilized their Canadian holdings, reducing their bond holdings (-10.9%), but increasing by almost the same amount (9.4%) the value of loans extended to Canadian entities. Marine & Fire Insurance companies reduced their Canadian holdings significantly (-51.1%), but Investment Trust & Management companies (6.2%), banks (62.1%) and leasing companies (31.9%) increased their holdings.
- **The Survey results indicate that, despite being buffeted by financial, economic and political uncertainties within both Japan and Canada, Japanese institutional investors continue to be important investors in Canadian securities and loans. Although down modestly in overall terms, it is encouraging to note that some investors significantly expanded their exposure to Canada over the course of the past year.**
- Replies were received from 102 of the 104 Japanese institutions surveyed (98.1%).

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ENQUÊTE DE L'AMBASSADE CANADIENNE SUR LES PLACEMENTS
DE PORTEFEUILLE JAPONAIS AU CANADA EN 1996

Faits saillants

- Aux prises avec des prêts défaillants et les inquiétudes suscitées par la lenteur de la reprise économique, les investisseurs institutionnels japonais sont demeurés prudents en ce qui a trait à leurs placements de portefeuille à l'étranger durant l'année financière 1995-96. Compte tenu de leur disposition actuelle, il n'y a pas lieu de s'étonner lorsqu'on constate que le total des valeurs mobilières canadiennes et des prêts à des entités canadiennes détenus par les investisseurs institutionnels japonais a enregistré une modeste baisse.

- Une analyse des résultats de l'enquête 1996 démontre que la valeur totale (en dollars canadiens) des valeurs mobilières et des prêts à des entités canadiennes détenus par tous les investisseurs japonais à la fin du mois de mars 1996 se chiffre à environ \$43.5 milliards, soit un peu moins que lors de l'enquête de 1995.

- Une comparaison des réponses des 100 compagnies ayant participé à l'enquête de 1995 et de 1996 révèle que le total des valeurs mobilières et des prêts à des entités canadiennes détenus par les Japonais a baissé de 3.1% et que le portefeuille d'obligations (du gouvernement fédéral, des provinces et des sociétés privées) a été particulièrement touché. Ces pertes ont été en partie compensées par une importante augmentation (25.9%) du montant des prêts consentis à des entités canadiennes et par le retour des investisseurs japonais vers les marchés boursiers canadiens (en hausse de 41.7%), bien que le portefeuille d'actions servant de base à la comparaison était plutôt modeste.

- Lorsqu'on répartit les placements japonais au Canada selon la devise dans laquelle ils sont libellés, on constate qu'à la fin du mois de mars 1996, 42.4% du portefeuille japonais de valeurs mobilières et de prêts à des entités canadiennes étaient libellés en dollars canadiens, ce qui représente une légère baisse comparé aux 44.6 enregistrés l'an dernier. Par ailleurs, les placements libellés en yen ont enregistré une modeste hausse, passant de 35.2% à 36.4%. En ce qui a trait aux seuls placements obligataires, plus de la moitié (56.0%) des obligations canadiennes détenues par les Japonais étaient toujours libellées en dollars canadiens, mais les obligations libellées en yen sont passées de 24.1% à 26.9%.

Les compagnies d'assurance-vie japonaises ont semble-t-il stabilisé leurs placements canadiens, réduisant leur portefeuille de placements obligataires (-10.9%) d'une part, mais augmentant la valeur des prêts consentis à des entités canadiennes d'à peu près

le même montant (9.4%). Les compagnies d'assurance-feu et d'assurance maritime ont considérablement réduit la valeur de leurs portefeuilles de placements canadiens (-51.1%), mais les trusts de gestion et de placement (6.2%), les banques (62.1%) et les sociétés de location à long terme (31.9%) ont augmenté les leurs.

- Les résultats du questionnaire montrent que, malgré une certaine incertitude sur le plan financier, économique et politique, au Japon aussi bien qu'au Canada, les investisseurs institutionnels japonais continuent d'investir d'importantes sommes afin d'acquérir des valeurs mobilières canadiennes et de consentir des prêts à des entités canadiennes. Il est encourageant de noter que, malgré une modeste baisse pour l'ensemble du portefeuille de valeurs canadiennes détenues par les investisseurs institutionnels japonais, certains investisseurs ont considérablement augmenté leurs placements au Canada au cours de la dernière année.

- 102 des 104 institutions japonaises sondées ont répondu au questionnaire pour un taux de réponse de 98.1%.

Pour plus d'information au sujet de cette enquête,
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1996年8月6日(東京)

1996年度カナダ大使館調査：日本の対加証券投資・貸出残高

要 旨

- 1995年度(95年4月～96年3月)は不良債券問題、不透明な日本経済の回復ペースに悩まされ、日本の機関投資家は対外証券投資・貸出について慎重な姿勢を維持した。この状況を映して、日本の機関投資家の対加証券投資・貸出残高はわずかながら減少した。
- 1996年度調査に基づいた分析から、日本の機関投資家が1996年3月末現在保有していた対加証券投資・貸出残高は約435億カナダドルと推定される。昨年のわれわれの推定額をわずかに下回る水準である。
- 1995、96年度のどちらの調査にも回答を寄せてくれた100社を対象に分析すると、日本の機関投資家が保有していた対加証券投資・貸出残高は3.1%減少した。各々の債券(連邦債、州債、社債)の保有高も減少した。こうした減少をある程度相殺したのは、対加貸出額の著しい増加(25.9%)と投資額はそれほど大きくはないが対加株式投資への回帰(41.7%増加)である。
- 通貨別内訳では、1996年3月末現在の日本の対加証券投資・貸出残高の42.4%はカナダドル建てだが、カナダドル建ての保有高は昨年の44.6%に比べるとわずかに低下した。円建ての割合は35.2%から36.4%に上昇した。債券保有高に限ってみると、日本の機関投資家による保有高の過半(56.0%)は依然カナダドル建てが占めていた。しかし、円建ての割合も24.1%から26.9%に上昇した。
- 日本の生命保険会社の対加投資残高は安定したようにみえる。生命保険会社は債券の保有高を減額した(10.9%)反面、ほぼそれに見合う貸出額の増加を図った(9.4%)。損害保険会社は対加投資額を大幅に減額した(51.1%)。投資信託会社(6.2%)、銀行(62.1%)、リース会社(31.9%)は対加投資額をそれぞれ増額した。
- 本調査結果の示すところは、日本およびカナダの金融、経済、政治の見通し難に影響されたものの、日本の機関投資家は依然として対加証券投資・貸出の重要な担い手であることである。総額ではわずかに減少しているが、中には、昨年度対加投資を大幅に増額した機関投資家もあることを銘記することは勇気づけられる。
- 104の機関投資家を対象に行った調査に対し、102社から回答を得た(回答率98.1%)。

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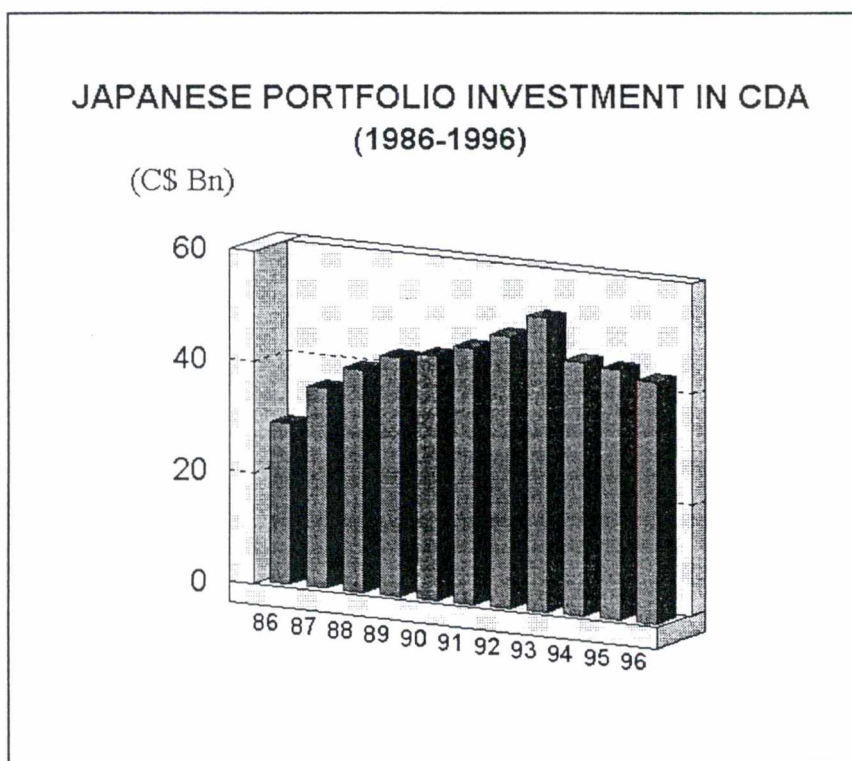
1996 SURVEY OF JAPANESE PORTFOLIO INVESTMENT IN CANADA

1996 SURVEY RESULTS

Based on responses from 102 Japanese institutional investors, the total value of Canadian securities (bonds, TB's and equities) and loans extended to Canadian entities, as of March 31, 1996, totalled some \$41.45 billion Canadian dollars¹. In terms of investment instruments, the total value of all bonds (federal, provincial, crown corporations, municipal and corporate) held by the responding institutions was approximately \$28.67 billion, with \$564 million in equity investments and about \$12.22 billion in direct loans.

As in previous years, in order to provide some indication of the total value of all Canadian securities and loan holdings within Japanese institutional portfolios, including those holdings not covered by the Survey, the Embassy provides an overall estimate. It should be noted that a number of retail targeted bond issues brought out by Canadian provincial governments² were sold in Japan during fiscal year 1995-96 and these totals would not be included in our Survey results. Based on an analysis of the 1996 Survey results, as of the

end of March 1996, it is estimated that the total value of Canadian securities and loans held by all Japanese investors is about \$43.5 billion, down slightly from our estimate of \$45 billion in 1995.



¹ A complete breakdown of the 104 Japanese institutions surveyed and their response rate (98.1%) is contained in Annex I of this report. Unless otherwise noted, all figures are in Canadian dollars (see note to Table 1 in Annex II). Due to differences in Survey coverage, the Embassy Survey results differ from those provided by Statistics Canada in its publication, "Canada's International Transactions in Securities".

² The Embassy is aware of at least three retail targeted bond issues launched by the provinces of Quebec and Ontario. The total value of these three issues exceeded \$1.5 billion. As these issues were purchased by individuals, they are not within the Embassy Survey's coverage.

COMPARISONS WITH PREVIOUS SURVEY RESULTS

Economic Background

Fiscal year 1995 was an important transition year for Japan as the Government sought to aggressively spur economic growth and deal with the non-performing loan problems of the Japanese financial sector. In addition, between July and mid-September of 1995, against the background of coordinated actions by G-7 monetary authorities, an "orderly reversal" of the appreciation of the yen took place. In April of 1995, the average yen/dollar rate was 83.53. By September, the average had moved above 100 yen to the dollar and by March 1996, the average rate was 105.85. The Canadian dollar similarly recovered against the yen, going from an average of 60.79 yen to the Canadian dollar in April 1995 to some 77.58 yen in March 1996. This represented a 27.62% improvement in the value of the Canadian dollar against the yen, slightly better than even the U.S. dollar's gain on the yen. However, the Canadian dollar went through a period of volatility immediately before and after the October 30, 1995 Quebec referendum.

In September of 1995, the Japanese government introduced an unprecedented Yen 14.2 trillion fiscal stimulus package in an effort to jump start a moribund economy. This clearly had a positive impact on the Japanese economy and coupled with the exchange rate reversal, an improving profit picture for Japanese corporations and a renewed interest in Japanese stocks on the part of foreign investors, the Japanese stock market also began to improve. The Nikkei 225 index monthly average was a little over 16,000 in April of 1995, but this gradually improved each month and averaged about 20,424 in March of 1996, representing a 25% increase over this period.

Although uncertainties regarding the economy continued to persist and the financial woes of the banking community due to the non-performing loan problem were a damper on the economy, the recovery in the value of the dollar and the improvement in the Japanese stock market should have favoured a recovery in Japanese portfolio investment. However, portfolio investment outflows continued to increase only moderately. In fact, while the overall value of transactions appear to have increased, on a net basis, Japanese portfolio investment outflows in fiscal year 1995 declined from fiscal year 1994.³ Clearly, Japanese institutional investors continued to remain cautious in their foreign portfolio investments in fiscal year 1995-96.

1996 Embassy Survey

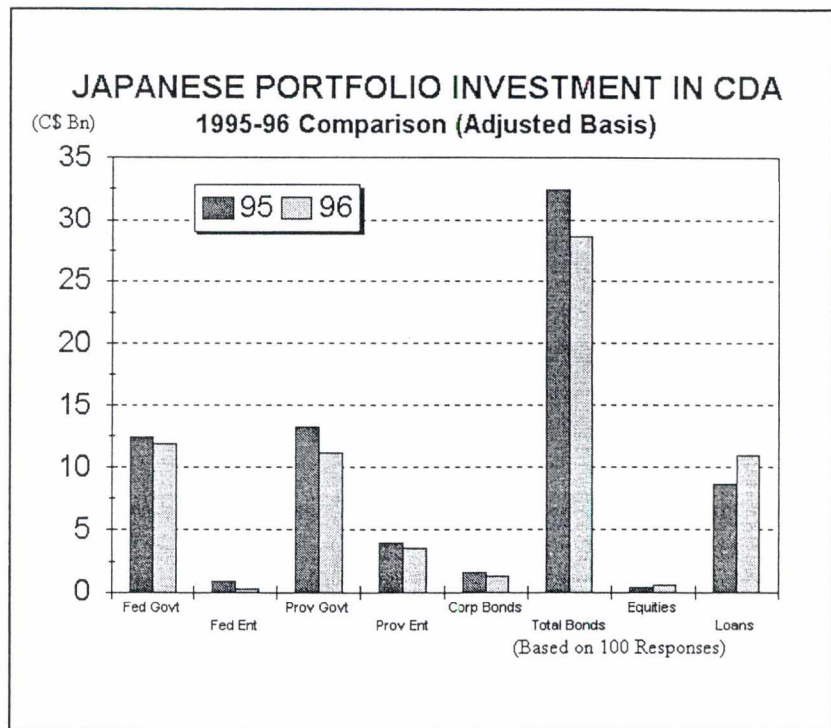
Against this background of caution, the Embassy's 1996 Survey of Japanese portfolio investment holdings in Canadian securities and loans would appear to be consistent with the

³ The Bank of Japan, Balance of Payments Monthly, Summary Table, p. 2, "Portfolio Investment".

overall mood, showing a modest decline as compared to last year. Drawing on the responses of the 100 institutions that responded to both our 1995 and 1996 surveys⁴, overall Japanese holdings of Canadian securities and loans as of March 1996 declined by 3.1% from the year before.

Focusing on the bond holdings of the 100 institutions responding in both years, the overall value of bond holdings in our 1996 Survey dropped significantly (-11.5%) as compared to last year. All categories of bonds dropped, with federal government enterprise bonds (-64.2%) being the most affected, followed by municipal bonds (-18.7%), provincial government bonds (-15.3%) and provincial government enterprise bonds (-9.9%). By contrast, federal government bonds fell only modestly (-3.5%), bringing Japanese holdings of federal government bonds back above provincial government bond holdings.

Partially compensating for the drop in bond holdings was a significant increase (25.9%) in the value of loans extended to Canadian entities. Although the biggest increase came from the Government and Quasi-public Financial Organization category (259.0%), this was from a very small base. More significant increases took place on the part of the banks (157.0%) and the life insurance companies (9.4%). The other area where there was an increase in Japanese holdings was in Canadian stocks. Holdings increased by 41.7%, albeit from a small base, but it indicates that some Japanese investors were paying attention to an improving Canadian stock market.



CURRENCY MIX

Although the shift from Canadian dollar denominated assets to Yen denominated assets

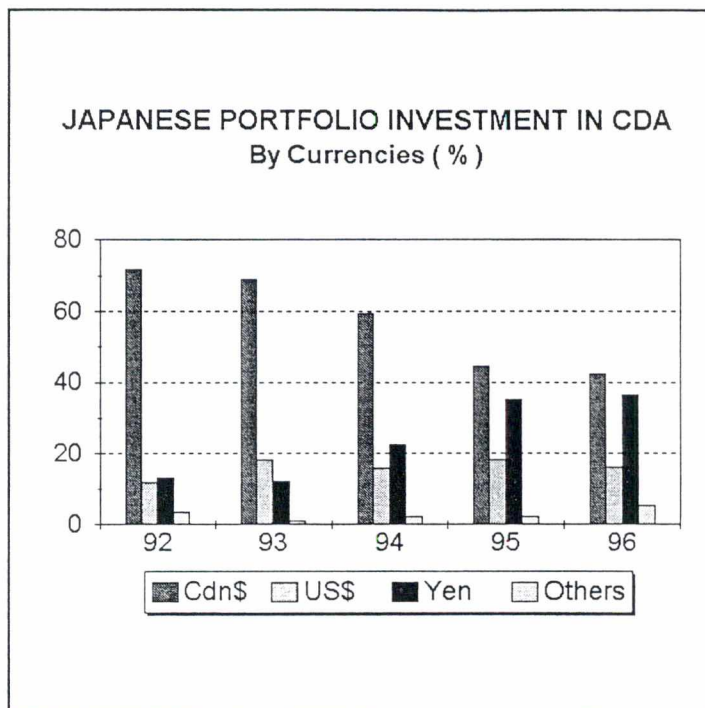
⁴ See Table #2 in Annex II, "Canadian Securities and Loan Holdings by Japanese Institutions - Adjusted Basis".

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that was so evident in last year's Survey continued during fiscal 1995-96, the extent of the shift was much less dramatic. This year, 42.4% of Japanese holdings of Canadian securities and loans were denominated in Canadian dollars, down modestly from 44.6% in 1995, but significantly less than the 14.7 percentage point drop between 1994 and 1995.

On the bond side, while the overall value of the holdings were down, still some 56.0% of the holdings were denominated in Canadian dollars, up slightly from 55.4% last year. Yen denominated bonds made up 26.9% of holdings, up from 24.1% in 1995. The biggest drop was in U.S. dollar denominated holdings, down to 14.7% from 18.2% in last year's Survey.

The currency data for direct loans is biased by a large proportion for which the currency denomination was unspecified. It appears, however, that there was some growth in Canadian and U.S. dollar denominated loans in 1995-96. It is also interesting to note that the Australian dollar proportion has not grown, suggesting that the bulk of the various Australian dollar dual currency issues that were popular in 1995 have gone to retail buyers (hence not covered in our Survey) rather than institutional investors.



INSTITUTIONAL BREAKDOWN

While the Government and Quasi-public Financial Organizations category continues to be the largest holders (36.0%)⁵ of Canadian securities and loans, life insurance companies retained their ranking as the second largest holders (28.5%) and appear to have stabilized their Canadian holdings. While the 1994 (-28.0%)⁶ and 1995 (-27.7%) Surveys showed the life insurance companies significantly decreasing their Canadian holdings, this year's Survey indicates only a very small decrease (-0.6%).

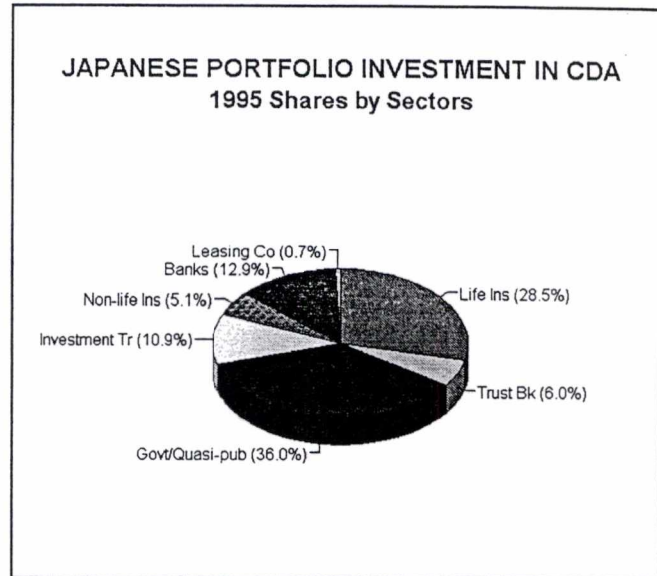
⁵ These figures are drawn from Table 1 in Annex II.

⁶ Because these figures are year to year changes, they are drawn from the adjusted figures contained in Table 2 in Annex II.

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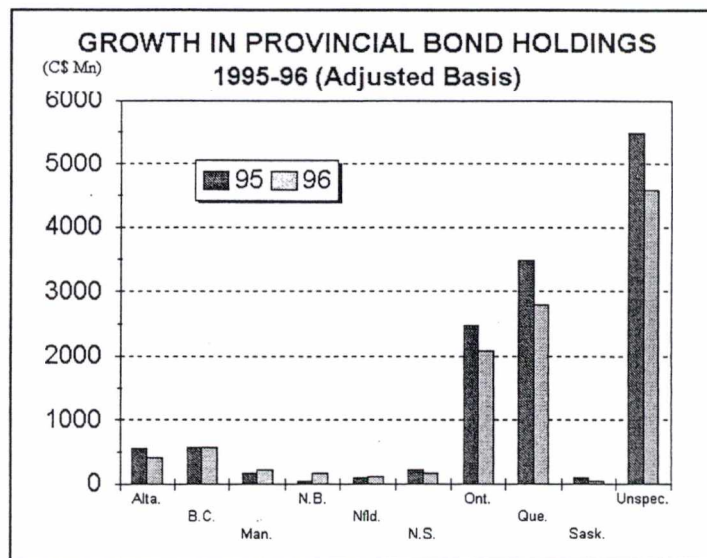
The biggest change in Canadian holdings appears to have taken place among Marine & Fire Insurance Companies, with their holdings dropping by 51.1%. On the other hand, holdings by Japanese banks jumped by 62.1% to some \$4.09 billion and Investment Trust/Management companies increased their holdings by 6.2% to \$4.5 billion. From a much lower base, Leasing Companies increased their holdings by 31.9% to \$305.1 million.

After having increased their holdings significantly in our last Survey, this year, the Trust Banking Corporations reduced their holdings by 14.4% to \$2.5 billion. The Government and Quasi-public Financial Organizations also eased their holdings down by 3.3% to \$14.9 billion.



PROVINCIAL BOND HOLDINGS

Continuing the analysis of provincial bond holdings initiated in last year's Survey report, it would appear that Japanese investors have broadened their investment interests somewhat over the past year⁷. Although the overall value of provincial bond holdings has declined, this year's Survey would appear to indicate increases in Japanese holdings in provinces such as Manitoba, New Brunswick and Newfoundland while there have been decreases in holdings in the larger provinces such as Quebec and Ontario.



In terms of Provincial Government Enterprise bond holdings by Japanese institutions, the overall value of holdings has declined as well, but here again it is interesting to note a significant increase in B.C., Quebec

⁷ See Tables 5 and 6 in Annex II.



and Nova Scotia holdings, while holdings in Ontario and Alberta have declined. It is, however, difficult to generalize from these findings as there is a large "unspecified" component in the statistics.

BOND PORTFOLIO MATURITIES

This year the number of institutions responding to our questions regarding their bond portfolio maturities declined somewhat, making analysis of the results more difficult⁸. Nonetheless, focusing on federal government bond holdings, 37.9% were of maturities of 5 years or less, 51.6% between 5-10 years and 10.5% of maturities greater than 10 years. Comparing these results with last year's figures, it would appear that maturities of Government of Canada bond holdings continue to move towards the shorter end.

The same phenomenon appears to be taking place in the case of provincial government bond holdings. Instead of 63.6% having maturities of 5 years or less, this year, the proportion is 72.0%. Maturities of holdings of provincial enterprise bonds also appear to have shifted dramatically to the shorter end, with 78.2% having maturities of 5 years or less in this year's Survey as compared to 27.0% in last year's.

CANADIAN EXPOSURE

Only some 57 institutions provided information on the share of their Canadian portfolio as a proportion of their overall foreign holdings⁹. Although it is difficult to determine how representative this sampling of responses is, the available figures show a marked drop in the portfolio share for Canadian investments held by the reporting institutions. According to this year's Survey responses, the Canadian portfolio share for this group is 3.1% as compared to 5.0% in our 1995 Survey report.

A decline in Canada's portfolio share matches anecdotal reports last year indicating some reductions in Canadian investments. Hopefully, this trend has stopped as more recent anecdotal information would suggest that interest in Canadian investments is recovering somewhat. Indeed, while in the past, Japanese investors may have been somewhat overweight in Canadian investments, more recently, the tendency of a number of large Japanese investors appears to have been to be underweight in Canada. With greater emphasis on achieving higher yields and

⁸ See Table 8 in Annex II. Some 66 responses dealing with portfolio maturities were received this year as opposed to 71 responses to our 1995 Survey.

⁹ Refer to the last column on Table 8 in Annex II.



greater competition for the management of investments¹⁰, the expectation would be for Japanese investors to adjust their Canadian portfolio share to be more in line with benchmark levels suggested by global investment houses.

JAPANESE SHARE OF NON-RESIDENT HOLDINGS OF CANADIAN BONDS

As of the end of the first quarter of 1996, Statistics Canada reports that total non-resident holdings of all Canadian bonds totalled some \$326.6 billion¹¹. Using Statistics Canada's numbers only, the proportion of all Canadian bonds held by Japanese investors would appear to be about 12.4%. This is down from the 15.8% share held by Japanese investors at the end of the first quarter of 1995.

Although last year's Survey report noted that early indicators in 1995 suggested that Japanese holdings might increase, both Statistics Canada figures and our Survey results indicate that there has been a gradual decline in Japanese holdings over the past year. Coupled with the increase in global holdings of Canadian bonds, the result has been a decline in the Japanese share of the total. Nonetheless, Japanese investors remain important investors in Canadian bonds and continue to be the second largest holders of Canadian debt assets after the U.S.

INVESTOR STRATEGIES

Although Japanese portfolio investment abroad did improve significantly in fiscal year 1994, the continuing non-performing loan problems of the Japanese financial sector and ongoing stock market and exchange rate volatility appears to have dampened Japanese investor enthusiasm and outward portfolio investment in fiscal year 1995 was lower than in 1994¹². Indeed, despite some hope that Japanese institutional investors would increase their foreign portfolio investments in fiscal year 1995, actual performance appears to have been quite mixed. According to various published reports, only a few of the larger insurance firms¹³ and some investment trust management companies increased their foreign portfolios, in most cases after

¹⁰ Following the conclusion of a Financial Services agreement between Japan and the U.S., the management of Japanese pension funds is now open to greater international competition. In addition, changes included as part of the new Japanese Insurance Law require greater segregation of various pension and investment funds. This should result in greater transparency in the management of these investment funds and greater competition.

¹¹ Statistics Canada, Canada's International Transactions in Securities, April 1996, Tables 19 and 20, pages 40-41.

¹² Bank of Japan, Balance of Payments Monthly, March 1996, Summary Table.

¹³ Jiyu Keizai Sha, International Finance, March 22 and April 2, 1996 editions.

having drastically reduced their holdings the previous year.

In addition, while dollar currencies (U.S., Cdn and Australian) all appreciated significantly vis-a-vis the yen beginning in July 1995, Japanese institutional investors remained very cautious. Notwithstanding considerable encouragement from the Japanese Ministry of Finance¹⁴ to increase their foreign currency (in particular, U.S. dollar) investments, many large investors continued to reduce their foreign currency holdings. There does, however, appear to have been a significant increase in investments in yen denominated foreign bonds¹⁵ as investors sought to diversify their portfolios but opted to avoid foreign exchange risks. The other phenomenon that grew significantly in fiscal year 1995 was a large increase in retail (small individual investors) investment in foreign bonds, both foreign currency and yen denominated issues. With Japanese interest rates falling to record low levels, Japanese individual investors sought to increase their yields and appeared more willing to assume foreign risks than institutional investors plagued with balance sheet problems. Indeed, a wide variety of shorter term (2 and 3 year) and yen and dual currency (usually yen and Australian dollar) issues emerged during this period in order to capture this market.

The Embassy's Survey of Japanese holdings of Canadian securities and loans clearly mirror the general trends with respect to Japanese portfolio investment abroad. Japanese holdings of Canadian debt assets in fiscal year 1995 declined modestly and the currency composition of those holdings has continued to shift into yen denominated assets. In addition, as noted earlier, there were a number of Canadian provincial bond issues that were targeted at Japanese retail investors.

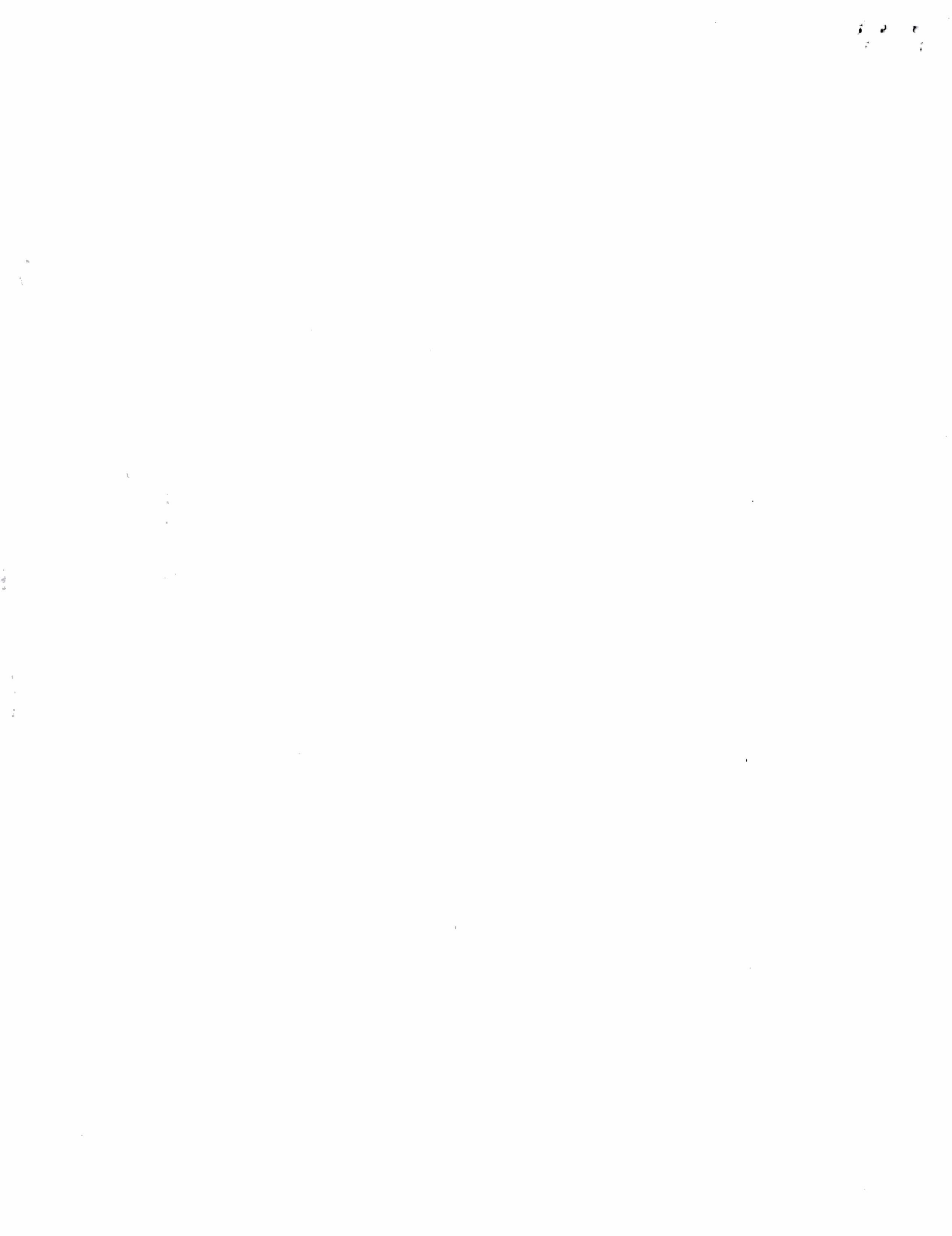
The outlook for the future remains somewhat uncertain. Clearly the investment environment within Japan has improved significantly since starting the fiscal year. The dollar currencies have appreciated and appear to have stabilized with the U.S. dollar around yen 105-110. The Japanese stock market, while still volatile, has recovered to a Nikkei 225 stock index level above 20,000 and the domestic economic outlook has improved. With respect to Canada, there appears to be growing recognition within Japan that Canada has made very important progress in dramatically reducing its fiscal deficit, both at the federal and provincial levels. In addition, with constitutional issues moving into the back-burner for the time being, yields on Canadian bonds for yen based investors have improved significantly¹⁶.

Nonetheless, Japanese financial institutions are faced with the need to strengthen their

¹⁴ Indeed, a number of regulatory changes were introduced by MOF in August of 1995 which were intended to encourage further outward portfolio investment.

¹⁵ Bank of Japan, op.cit., Table 6.1, Financial Account, p.34.

¹⁶ CIBC Wood Gundy, Historical Total Returns in the Canadian Fixed Income Market from the Perspective of Canadian and International Investors: 1980 to 1995, February 1996, Table 4, Historical Annual Returns on Government of Canada Bonds in Japanese Yen.



ANNEX I



1996 CANADIAN EMBASSY SURVEY

Japanese Portfolio Investment in Canada

The 1996 Survey is the eleventh consecutive year since the Canadian Embassy in Tokyo began surveying Japanese portfolio investors. This year, due to the merger of the Bank of Tokyo and the Mitsubishi Bank into one institution, the number of institutions surveyed declined by one from last year. Otherwise, no other changes in the Survey composition were made this year.

Out of the 104 institutions surveyed, responses were received from 102, a 98.1% response rate. A summary table of the categories of institutions that were surveyed and their response rates, including those that responded to both our 1995 and 1996 surveys, is provided below:

<u>Institutional Categories</u>	Surveyed	Responses	Responded in 1995 & 1996
Life Insurance Companies	31	30	30
Trust Banks	15	15	15
Govt. & Quasi-public	7	7	7
Investment Trust/Management	14	14	14
Non-life Insurance Companies	14	14	14
All Banks	18	17	15
Leasing Companies	5	5	5
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TOTAL	104	102	100

Response ratio: 98.1%



ANNEX II

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Table #1. CANADIAN SECURITY & LOAN HOLDINGS BY JAPANESE INSTITUTIONS (As of March 31, 1996)

Type of Investors	(C\$1,000)										
	Government of Canada Bonds	Federal Gov't Enterprises Bonds	Provincial Government Bonds	Provincial Gov't Enterprises Bonds	Municipal Gov't Bonds	Private Corporate Bonds	TBs	TOTAL BONDS	STOCKS	LOANS	GRAND TOTAL
Life Insurance Companies	3,090,576	0	1,928,874	132,493	0	22,385	0	5,174,327	119,700	6,509,039	11,803,065
Trust Banking Corporations	376,462	28,813	516,028	156,297	22,471	293,318	0	1,393,389	340,459	755,498	2,489,346
Government & Quasi-public Financial Organizations	6,768,387	182,377	4,805,932	1,755,000	153,000	383,720	0	14,048,416	0	876,047	14,924,463
Investment Trust/Management Companies	115,075	46,879	2,875,484	1,415,746	0	44,270	0	4,497,454	2,920	0	4,500,374
Marine & Fire Insurance Companies	932,897	52,560	686,073	107,004	0	156,847	7,945	1,943,325	50,889	100,752	2,094,966
All Banks	644,276	23,642	380,537	53,198	0	288,813	25,000	1,415,466	6,990	3,910,328	5,332,784
Leasing Companies	0	0	8,155	32,596	0	156,466	0	197,217	43,110	64,728	305,055
TOTAL	11,927,672	334,271	11,201,082	3,652,333	175,471	1,345,819	32,945	28,669,594	564,068	12,216,391	41,450,053
(as % of grand total)											
Life Insurance Companies	7.5	0.0	4.7	0.3	0.0	0.1	0.0	12.5	0.3	15.7	28.5
Trust Banking Corporations	0.9	0.1	1.2	0.4	0.1	0.7	0.0	3.4	0.8	1.8	6.0
Gov't & Quasi-public Financial Organizations	16.3	0.4	11.6	4.2	0.4	0.9	0.0	33.9	0.0	2.1	36.0
Investment Trust/Management Companies	0.3	0.1	6.9	3.4	0.0	0.1	0.0	10.9	0.0	0.0	10.9
Marine & Fire Insurance Companies	2.3	0.1	1.7	0.3	0.0	0.4	0.0	4.7	0.1	0.2	5.1
All Banks	1.6	0.1	0.9	0.1	0.0	0.7	0.1	3.4	0.0	9.4	12.9
Leasing Companies	0.0	0.0	0.0	0.1	0.0	0.4	0.0	0.5	0.1	0.2	0.7
TOTAL	28.8	0.8	27.0	8.8	0.4	3.2	0.1	69.2	1.4	29.5	100.0

Source: Compiled by the Canadian Embassy, Tokyo, based on total sample (102 firms).

Note) Exchange rates used for conversion are as follows: C\$ 1.3591 per US\$; C\$ 0.01267 per ¥; C\$ 0.9206 per DM; C\$ 2.0747 per STG; C\$ 1.1416 per SFR; C\$ 0.2713 per FR; C\$ 0.0008681 per LIR; C\$ 1.0653 per A\$; C\$ 1.7141 per ECU.

Table #2. CANADIAN SECURITY & LOAN HOLDINGS BY JAPANESE INSTITUTIONS (As of March 31, 1996) --- Adjusted Basis

(refer to Note)

(C\$1,000)

Type of Investors	Government of Canada Bonds	Federal Gov't Enterprises Bonds	Provincial Government Bonds	Provincial Government Enterprises Bonds	Municipal Gov't Bonds	Private Corporate Bonds	TBs	TOTAL BONDS	STOCKS	LOANS	GRAND TOTAL
Life Insurance Companies	3,090,576	0	1,928,874	132,493	0	22,385	0	5,174,327	119,700	6,509,039	11,803,065
Trust Banking Corporations	376,462	28,813	516,028	156,297	22,471	293,318	0	1,393,389	340,459	755,498	2,489,346
Government & Quasi-public Financial Organizations	6,768,387	182,377	4,805,932	1,755,000	153,000	383,720	0	14,048,416	0	876,047	14,924,463
Investment Trust/Management Companies	115,075	46,879	2,875,484	1,415,746	0	44,270	0	4,497,454	2,920	0	4,500,374
Marine & Fire Insurance Companies	932,897	52,560	686,073	107,004	0	156,847	7,945	1,943,325	50,889	100,752	2,094,966
All Banks	643,276	23,642	373,741	33,239	0	287,454	25,000	1,386,352	6,990	2,694,765	4,088,107
Leasing Companies	0	0	8,155	32,596	0	156,466	0	197,217	43,110	64,728	305,055
TOTAL	11,926,672	334,271	11,194,287	3,632,374	175,471	1,344,460	32,945	28,640,480	564,068	11,000,828	40,205,376
(rate of increase over the previous year; %)											
Life Insurance Companies	(1.4)	(100.0)	(8.7)	(46.2)	-	(92.1)	-	(10.9)	(1.8)	9.4	(0.6)
Trust Banking Corporations	24.0	(23.8)	(19.3)	26.0	*	(28.7)	(100.0)	(8.8)	88.5	(37.0)	(14.4)
Gov't & Quasi-public Financial Organizations	20.3	(42.7)	(16.4)	(40.3)	(17.7)	2.5	-	(7.5)	-	259.0	(3.3)
Investment Trust/Management Companies	799.0	(49.8)	(19.4)	203.3	-	*	-	8.6	(93.3)	(100.0)	6.2
Marine & Fire Insurance Companies	(67.4)	(22.8)	(13.0)	(37.6)	(100.0)	(15.8)	(46.1)	(52.6)	408.9	(42.0)	(51.1)
All Banks	54.6	(93.9)	9.5	(58.6)	(100.0)	48.8	(14.2)	(5.5)	2.3	157.0	62.1
Leasing Companies	-	-	(3.4)	*	-	34.3	-	57.9	23.9	(9.6)	31.9
TOTAL	(3.5)	(64.2)	(15.3)	(9.9)	(18.7)	(14.0)	(40.0)	(11.5)	41.7	25.9	(3.1)

- indicates "not applicable"; * indicates "an increase from zero".

Source: Compiled by the Canadian Embassy, Tokyo.

Note: Adjusted to only include those 100 firms that responded to Embassy's 1995 and 1996 Surveys.

Table #3. CANADIAN SECURITY & LOAN HOLDINGS BY JAPANESE INSTITUTIONS (As of March 31, 1996) --- Breakdown by Currencies

												('000)
Type of Investors	Unit	Government of Canada Bonds	Federal Government Enterprises Bonds	Provincial Government Bonds	Provincial Government Enterprises Bonds	Municipal Government Bonds	Private Corporate Bonds	TBs	BONDS TOTAL	STOCKS	LOANS	GRAND TOTAL
Life Insurance Companies	C\$	3,033,447		472,786	90,000				3,596,233	92,886	40,000	3,729,120
	US\$			50,000	16,000		5,000		71,000	1,382	30,000	102,382
	YEN	4,509,000		109,560,564			140,500		114,210,064	1,968,000	507,361,131	623,539,194
	DM						15,000		15,000			15,000
	STG				10,000				10,000			10,000
Trust Banking Corporations	C\$	376,462		20,500		22,471	116,285		535,718	332,416	51,344	919,478
	US\$		21,200	187,302	115,000		55,500		379,002	5,918	242,800	627,720
	YEN			19,018,597					19,018,597		27,729,450	46,748,047
	DM						10,000		10,000			10,000
	SFR										20,000	20,000
	A\$						78,533		78,533			78,533
Government and Quasi-public Organizations	ECU						5,096		5,096			5,096
	C\$	6,748,000	32,000	1,400,000	1,101,000	153,000	181,000		9,615,000			9,615,000
	US\$	15,000	92,000	1,535,000	415,000				2,057,000		570,000	2,627,000
	YEN		2,000,000	75,235,000	2,000,000		16,000,000		95,235,000		8,000,000	103,235,000
	STG			35,000	5,000				40,000			40,000
	FR			50,000	200,000				250,000			250,000
	LIR			183,000,000					183,000,000			183,000,000
Investment and Management	A\$			114,000					114,000			114,000
	C\$	115,075		130,200			31,600		276,875	2,223		279,098
	YEN		3,700,000	216,240,000	111,740,000		1,000,000		332,680,000	55,000		332,735,000
	DM			6,000					6,000			6,000
Marine and Fire Insurance	C\$	927,273	15,223	111,779	65,079		43,865	7,945	1,171,164	4,010		1,175,174
	US\$	4,138	18,149	147,932	15,000		36,078		221,296			221,296
	YEN		1,000,000	29,105,292	1,700,000		4,001,946		35,807,239	3,700,000	7,952,000	47,459,239
	DM			4,862					4,862			4,862
	SFR						11,602		11,602			11,602
All Banks	C\$	603,639		128,502			117,115	25,000	874,255	6,929	934,400	1,815,584
	US\$	29,900	17,395	143,483	23,877		92,971		307,627	45	917,429	1,225,101
	YEN			2,321,148					2,321,148		21,416,604	23,737,752
	DM			30,000			5,000		35,000			35,000
	STG				10,000		10,000		20,000			20,000
	A\$						18,766		18,766			18,766
	C\$*										1,457,701	1,457,701
Leasing Companies	C\$										44,750	44,750
	US\$			6,000	10,000		44,275		60,275	6,680	7,950	74,905
	YEN				1,500,000		7,600,000		9,100,000	2,686,000	724,000	12,510,000
TOTAL	C\$	11,803,896	47,223	2,263,767	1,256,079	175,471	489,865	32,945	16,069,245	438,464	1,070,494	17,578,204
	US\$	49,038	148,744	2,069,718	594,877		233,824		3,096,200	14,025	1,768,179	4,878,405
	YEN	4,509,000	6,700,000	451,480,601	116,940,000		28,742,446		608,372,047	8,409,000	573,183,184	1,189,964,231
	DM			40,862			30,000		70,862			70,862
	STG			35,000	25,000		10,000		70,000			70,000
	SFR						11,602		11,602		20,000	31,602
	FR			50,000	200,000				250,000			250,000
	LIR			183,000,000					183,000,000			183,000,000
	A\$			114,000				97,299	211,299			211,299
	ECU						5,096		5,096			5,096
	C\$*										1,457,701	1,457,701

* Non-specified.

Source: Compiled by the Canadian Embassy, Tokyo, based on total sample (102 firms).

**Table #4. OUTSTANDING JAPANESE SECURITIES INVESTMENTS
& LOANS IN CANADA BY CURRENCIES**
(as of March 31, 1996)

TYPE OF CURRENCIES	(%)			
	BONDS	STOCKS	LOANS	GRAND TOTAL
C\$	56.0	77.7	8.8	42.4
US\$	14.7	3.4	19.7	16.0
YEN	26.9	18.9	59.4	36.4
DM	0.2	0.0	0.0	0.2
STG	0.5	0.0	0.0	0.4
SFR	0.0	0.0	0.2	0.1
FR	0.2	0.0	0.0	0.2
LIR	0.6	0.0	0.0	0.4
A\$	0.8	0.0	0.0	0.5
ECU	0.0	0.0	0.0	0.0
Unspecified	0.0	0.0	11.9	3.5
Total	100.0	100.0	100.0	100.0

Source: Compiled by the Canadian Embassy, Tokyo,
based on total sample (102 firms).

Note: Percentages calculated on basis of various currencies
converted to Canadian dollars as per conversion rates
listed on Table #1.

Table #5. Breakdown of Provincial Government Bond Holdings by Japanese Institutions (As of March 31, 1996)

Type of Investors	(C\$1,000)										
	Alberta	B.C.	Manitoba	New Brunswick	Newfound-land	Nova Scotia	Ontario	Quebec	Saskat-chewan	Unspecified	Total
Life Insurance Companies	102,196	101,360	45,518	43,017	83,139	73,748	686,417	743,479	50,000	0	1,928,874
Trust Banking Corporations	13,591	26,450	1,140	0	0	3,459	356,484	114,905	0	0	516,028
Government & Quasi-public Financial Organizations	0	12,670	3,079	0	0	7,969	167,473	26,261	0	4,588,480	4,805,932
Investment Trust/Management Companies	253,400	349,692	81,795	100,000	0	0	499,246	1,591,352	0	0	2,875,484
Marine & Fire Insurance Companies	30,780	78,061	65,842	0	6,335	53,899	205,774	243,382	2,000	0	686,073
All Banks	8,359	5,000	20,315	30,000	27,874	43,148	172,273	73,569	0	0	380,537
Leasing Companies	0	0	0	0	0	0	0	8,155	0	0	8,155
TOTAL	408,326	573,233	217,689	173,017	117,348	182,222	2,087,665	2,801,102	52,000	4,588,480	11,201,082

Table #6. Breakdown of Provincial Government Enterprise Bond Holdings by Japanese Institutions (As of March 31, 1996)

Type of Investors	(C\$1,000)						
	Alberta	B.C.	Nova Scotia	Ontario	Quebec	Unspecified	Total
Life Insurance Companies	0	21,746	0	60,000	50,747	0	132,493
Trust & Banking Corporations	0	0	0	0	156,297	0	156,297
Government & Quasi-public Financial Organizations	0	0	0	0	55,340	1,699,660	1,755,000
Investment Trust/Management Companies	0	253,400	28,381	0	1,133,965	0	1,415,746
Marine & Fire Insurance Companies	0	831	0	49,272	56,901	0	107,004
All Banks	0	0	0	6,762	46,437	0	53,198
Leasing Companies	0	0	0	32,596	0	0	32,596
TOTAL	0	275,977	28,381	148,629	1,499,687	1,699,660	3,652,333

Source: Compiled by the Canadian Embassy, Tokyo, based on total sample (102 firms).



Table #7. Breakdown of Provincial Government Bond Holdings by Japanese Institutions (As of March 31, 1996) --- Adjusted Basis

Type of Investors	(C\$1,000)										
	Alberta	B.C.	Manitoba	New Brunswick	Newfoundland	Nova Scotia	Ontario	Quebec	Saskatchewan	Unspecified	Total
Life Insurance Companies	102,196	101,360	45,518	43,017	83,139	73,748	686,417	743,479	50,000	0	1,928,874
Trust Banking Corporations	13,591	26,450	1,140	0	0	3,459	356,484	114,905	0	0	516,028
Government & Quasi-public Financial Organizations	0	12,670	3,079	0	0	7,969	167,473	26,261	0	4,588,480	4,805,932
Investment Trust/Management Companies	253,400	349,692	81,795	100,000	0	0	499,246	1,591,352	0	0	2,875,484
Marine & Fire Insurance Companies	30,780	78,061	65,842	0	6,335	53,899	205,774	243,382	2,000	0	686,073
All Banks	8,359	5,000	20,315	30,000	27,874	36,352	172,273	73,569	0	0	373,741
Leasing Companies	0	0	0	0	0	0	0	8,155	0	0	8,155
TOTAL	408,326	573,233	217,689	173,017	117,348	175,427	2,087,665	2,801,102	52,000	4,588,480	11,194,287
(rate of increase over the previous year, %)											
Life Insurance Companies	45.2	(38.3)	46.1	0.0	18.0	(19.8)	27.3	(25.8)	(50.0)	-	(8.7)
Trust Banking Corporations	(95.2)	63.0	(18.4)	-	-	(2.8)	71.3	(8.5)	-	-	(19.3)
Government & Quasi-public Financial Organizations	-	*	(18.6)	-	-	(18.6)	(15.3)	(47.1)	-	(16.4)	(16.4)
Investment Trust/Management Companies	62.9	49.7	(15.7)	*	-	(100.0)	(56.4)	(17.2)	-	-	(19.4)
Marine & Fire Insurance Companies	(6.6)	(49.6)	125.4	(100.0)	(18.6)	34.8	(21.7)	(3.0)	0.0	-	(13.0)
All Banks	(2.6)	*	1,473.0	*	79.1	(33.9)	41.9	(47.3)	-	-	9.5
Leasing Companies	-	-	-	-	-	-	-	(3.4)	-	-	(3.4)
TOTAL	(26.0)	0.8	32.8	238.5	25.1	(18.4)	(15.6)	(19.9)	(49.0)	(16.4)	(15.3)

Source: Compiled by the Canadian Embassy, Tokyo.

Note 1: - indicates "not applicable"; * indicates "an increase from zero".

Note 2: Adjusted to only include those 100 firms that responded to Embassy's 1995 and 1996 Surveys.



Table #8. CANADIAN SECURITY & LOAN HOLDINGS BY JAPANESE INSTITUTIONS BY MATURITY and RELATIVE SHARE OF CANADIAN PORTFOLIO IN OUTSTANDING FOREIGN PORTFOLIO (As of March 31, 1996)

Type of Investors	Federal Govt Bonds			Federal Govt Enterprises Bonds			Provincial Govt Bonds			Provincial Govt Enterprises Bonds			Municipal Govt Bonds			Private Corporate Bonds			TBs	Share of Cdn Portfolio (%)
	5 yrs or less	5-10 years	10 yrs or over	5 yrs or less	5-10 years	10 yrs or over	5 yrs or less	5-10 years	10 yrs or over	5 yrs or less	5-10 years	10 yrs or over	5 yrs or less	5-10 years	10 yrs or over	5 yrs or less	5-10 years	10 yrs or over	5 yrs or less	
Life Insurance Companies (20;21)	38.4	51.2	10.4	-	-	-	42.2	35.4	22.4	53.0	15.7	31.4	-	-	-	69.6	0.0	30.4	-	6.0
Trust Banking Corporations (10;8)	29.1	69.6	1.3	0.0	95.3	4.7	87.9	12.1	0.0	100.0	0.0	0.0	100.0	0.0	0.0	89.8	3.7	6.6	-	1.1
Gov's & Quasi-public Financial Organizations (4,4)	23.0	0.0	77.0	100.0	0.0	0.0	93.7	6.3	0.0	100.0	0.0	0.0	-	-	-	100.0	0.0	0.0	-	1.5
Investment Trust & Management Companies (6;2)	72.3	25.3	2.4	100.0	0.0	0.0	86.9	13.1	0.0	100.0	0.0	0.0	-	-	-	28.6	33.6	37.8	-	0.9
Marine & Fire Insurance Companies (11;11)	32.6	59.7	7.7	78.9	21.1	0.0	53.4	45.5	1.1	48.6	47.4	4.1	-	-	-	9.6	90.4	0.0	100.0	5.7
All Banks (11;7)	43.7	38.7	17.6	0.0	100.0	0.0	77.6	22.4	0.0	79.4	20.6	0.0	-	-	-	84.1	13.7	2.2	100.0	1.0
Leasing Companies 4;4)	-	-	-	-	-	-	100.0	0.0	0.0	-	-	-	-	-	-	70.0	30.0	0.0	-	2.8
Total (66;57)	37.9	51.6	10.5	68.0	31.2	0.8	72.0	22.3	5.7	78.2	13.6	8.1	100.0	0.0	0.0	72.5	23.4	4.1	100.0	3.1

Note: Numbers in "Type of Investors" column indicate the number of responses received regarding the maturity of bonds and the relative share of Canadian portfolio.

Source: Compiled by Canadian Embassy, Tokyo.

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